Chapter 5 – Study Conclusions

This study provides a comprehensive report on Idaho's commercial air service system. The study is a tool that enables the Idaho Transportation Department and the State's commercial service airports to assess the current status of the system and identify market potentials. The fundamental measures and estimates of demand contained in this study are essential to understanding how the State's airports currently fit together in the system, and how they might improve in the future.

The study began in Chapter 1 by compiling an extensive base of information. The data collected included surveys of travel agents and the traveling public. The travel agent survey and passenger intercept survey allowed for a clear understanding of the expectations and perceptions of the State's commercial air service consumers. A parking lot inventory helped to estimate the extent of each airport's actual market area. Additionally, several data sets were obtained that pertained to the demographic and socioeconomic characteristics of the State. Chapter 1 concluded with an airport-specific discussion of historical air service and trends over the last ten years. The information in Chapter 1 provided the foundation for the study's technical work elements that followed in Chapters 2 and 3.

Chapter 2, *Passenger Demand Estimates and Allocation*, presented estimates for the number of originating commercial air travelers that are currently associated with each county in Idaho. The chapter also estimated the total number of passengers attracted from nearby states. Additionally, the number of Idaho-generated passengers diverted to competing airports in nearby states was estimated. Chapter 2 continued by presenting actual service areas for each airport, depicting by county where each airport's passenger demand is currently drawn from. Each of Idaho's seven commercial service airports was discussed in terms of the counties from which it draws its demand and the representative "capture rate" of the total demand in those counties. In addition, three competing out-of-state airports were discussed. This chapter estimated the number and geographical distribution of passengers diverted to these out-of-State airports to initiate their commercial airline travel.

Chapter 3, *Market Potential*, described the actual and theoretical (60 or 120-minute drive times) market areas for each of Idaho's commercial service airports. Each airport's actual market area was based on survey results, while the theoretical market area for each airport was based on an estimated drive time. Drive times for each airport were based on FAA standards for commercial service airports. For most airports, a 60-minute drive time was used. For Boise Air Terminal, a 120-minute drive time was used; 120-minute theoretical market areas were also used for the airports serving Missoula, Spokane, and Salt Lake City. It is worth noting that analysis completed in this study concluded that in reality many travelers drive three or more hours to reach the airports in Boise, Salt Lake, Spokane and Missoula, thereby exceeding the 120-minute theoretical service areas. These market areas give Idaho's commercial airports information regarding the number of originating passengers within these market areas. This portion of the study also reviewed four additional market areas in Idaho that could be candidates for commercial airline service. Generally

speaking, these four additional candidate market areas face stiff competition from established commercial service airports or they have limited demand for commercial airline service.

Chapter 4, *Air Service Comparisons*, focused upon the travel patterns of Idaho's commercial airline passengers. The top destination cities and regions for each airport's passengers were presented. Current travel patterns for each airport, as derived from USDOT data, were compared to existing non-stop service options from each airport. For each airport, non-stop service offerings were discussed, as were connecting opportunities to top origination and destination cities. A discussion of possible options for air service expansion was included. Comparisons were made between current commercial airline service that is available at Idaho's commercial airports and similar airports in neighboring or nearby states. Review of aircraft fleet acquisition plans by the airlines that serve Idaho indicates that most carriers have plans to purchase regional jets. The FAA requirements for safety areas and runway lengths cannot currently be met by some of Idaho's commercial airports.

Study Highlights

This study began with an extensive data-gathering effort. This effort included a survey of many of the travel agents in the State. The findings from this survey prefaced many of the findings from the rest of the study. In particular, the dominance of Boise Air Terminal in the State's system of commercial airports was documented in the survey. Another significant finding from the travel agent survey was an estimate of fare differentials influencing alternate airport choices. Travel agents indicate that Idaho air travelers are willing to travel about 225 miles to save about $102 per round-trip ticket. These findings were supported by subsequent sections of this study, which proved the dominance of the larger airports with more competitive fares in Idaho and in nearby states.

A passenger survey was conducted at all of Idaho's commercial airports. One of the primary findings of this survey was the destination regions for Idaho's air travelers. The survey showed that the majority of these travelers have destinations in cities in states that are in the Northwest or Southwest regions of the United States, a finding confirmed by U.S. Department of Transportation ticket sample data. The passenger survey also determined that the airports with the highest rate of use among air travelers were Boise Air Terminal, Idaho Falls Regional, and Friedman Memorial (Sun Valley).

Average one-way fares in Idaho are only slightly higher than the U.S. average. This is primarily because fares at Boise Air Terminal are about 18 percent lower than the U.S. average. Four of Idaho's airports (Idaho Falls, Pocatello, Sun Valley, and Twin Falls) have above-average fares, while Lewiston's and Pullman-Moscow's airports have average fares nearly as low as Boise Air Terminal's. Over the past 10 years, Idaho's average statewide one-way air fare has declined notably. The State's one-way average airline fare was once significantly in excess of the national average and now it is comparable.

Airline service histories complied for all seven Idaho commercial airports show that service has changed in recent years. Generally speaking, the average number of weekly departing flights has declined at most of Idaho's commercial airports, as have the number of weekly departing commercial airline seats. Along with lower fares, Idaho airport's commercial airports have also benefited from larger (higher seating capacities) commercial aircraft. While enplaned passengers have increased at several airports, others have seen stable or slightly declining levels of enplaned passengers. A comparison of the levels of commercial airline service that are in place at Idaho's airports with commercial airline service that is available at similar markets in neighboring states shows comparable levels of commercial airline service.

According to study findings, Idaho's airports were able to attract almost 86,000 originating passengers from nearby states, but lost almost 493,000 originating passengers to airports in Missoula, Salt Lake City, or Spokane. These estimates were produced using a statistical process known as the Gravity Model. County-by-county demand estimates and capture rates for each airport were produced as part of this study.

Most of Idaho's airports were not able to attract all of the demand in their respective theoretical (drive-time) market areas. This is due to several factors. Several of Idaho's airports have market areas that overlap with one another. An airport whose market area overlaps with an airport that offers more extensive service options has difficulty attracting demand in its market. Study findings show that many Idaho air travelers drive to Boise Air Terminal to begin their commercial airline travel. There are also areas of the State that do not have an Idaho commercial airport located conveniently nearby, so passengers resort to using out-of-State airports. Over 20 percent of all commercial air service demand associated with Idaho counties is served by out-of-state commercial airports.

There are very few passengers in the State of Idaho who are not within a reasonable drive time of an airport with commercial air service. About 12.6 percent of the State's originating passengers live in areas outside of a 60- to 120-minute drive from an Idaho airport. If the service areas of out-of-State airports are considered, only about three percent of Idaho's originating passengers are more than a one- to two-hour drive from an airport offering commercial airline service. The potential for new air service markets in Idaho (Sandpoint, Coeur d'Alene, McCall and Salmon) is impact by either competition from established markets or low passenger demand.

Findings from the study show that travelers at each of Idaho's commercial airports can reach their top 10 destinations with no more than one-stop connecting airline service. Some of Idaho's airports, particularly those with few carriers or destinations served, could benefit from service improvements. Potential service options were presented. Information on current and changing airline fleets and the potential impacts on the capabilities of Idaho's commercial service airports to meet changing carrier needs were both items that were discussed in the study's final technical work element.

Overall, Idaho's commercial air service system meets the needs of the State's traveling public. As discussed, there is convenient commercial air service available for the vast majority of the State. This service provides flights to all of the top 10 destinations of the State's airline passengers with no more than one stop at a hub airport, and in many cases with non-stop flights. However, there are areas for improvement. These improvements could come in the form of additional carriers or routes. Improvements such as these could work to prevent the outflow of passengers to competing airports. As noted in the study, however, demand levels in most markets would need to increase to support service improvements. In general, Idaho's commercial air service system currently meets the needs of the majority of its originating passengers.

Most carriers who serve markets in Idaho have orders or new regional jet equipment. It is worth noting that regional jets have more demand runway length requirement and higher FAA safety and design standards that regional/commuter aircraft that now operate in several of the Idaho markets. While these planes are very popular with the traveling public, their higher seating capacities can lead to decreased flight frequencies. Since Idaho markets are generally high yield or profit markets, carriers are able to operate profitably at average load factors that are below industry standards. The Air Passenger Demand Study concluded that demand in most markets would need to increase in order to support significant improvements in commercial airline service. Most markets in Idaho appear stable, as do the carriers that are serving these markets. Before any of Idaho's communities or airports use the information in the Air Passenger Demand Study to pursue new commercial airline service, it is essential that these communities understand that support of existing carriers and existing service is critical to each community's air service future.